Supreme Court, U.S.
FILED
MAY 18 2000
CLERK

(2)

No. 99-1681

In The

Supreme Court of the United States

WILLIAM S. PURDY,

Petitioner,

v.

BURLINGTON NORTHERN SANTA FE CORPORATION, A Delaware Corporation, and THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, A Delaware Corporation,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

RESPONDENTS' BRIEF IN OPPOSITION

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QUESTION PRESENTED

Petitioner seeks to have this Court decide:

> Whether the 1988 amendments to the Lanham Act prevent non-profit, non-commercial, or public service entities from obtaining federal registration for service marks?

LIST OF PARTIES

Petitioner William S. Purdy and Respondents Burlington Northern Santa Fe Corporation and The Burlington Northern and Santa Fe Railway Company were the only parties to the proceeding in the court of appeals below.

Respondent Burlington Northern Santa Fe Corporation has no parent corporation, and no publicly held company owns 10 percent or more of its stock.

Respondent The Burlington Northern and Santa Fe Railway Company is a wholly-owned subsidiary of Respondent Burlington Northern Santa Fe Corporation.

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RESPONDENTS' BRIEF IN OPPOSITION

Respondents Burlington Northern Santa Fe Corporation and The Burlington Northern and Santa Fe Railway Company respectfully request that this Court deny the petition for writ of certiorari because, as set forth below, the question petitioner seeks to present was neither presented to nor decided by the courts below and the decisions of the courts below do not conflict with the decisions of other courts.

OPINIONS BELOW

The December 7, 1998 opinion of the United States District Court for the Northern District of Texas is unreported and reprinted at Pet. App. 5-10. The December 7, 1999 opinion of the United States Court of Appeals for the Fifth Circuit is also unreported and is reprinted at Pet. App. 1-4.

STATUTORY PROVISIONS INVOLVED

Section 1 of the Lanham Act, 15 U.S.C. § 1051(a)(1)(A), is reprinted at App. 1-2.

Section 3 of the Lanham Act, 15 U.S.C. § 1053, is reprinted at App. 2.

Section 45 of the Lanham Act, 15 U.S.C. § 1127, is reprinted at Pet. App. 13-19.

STATEMENT OF THE CASE

Respondent Burlington Northern Santa Fe Corporation is the holding company for, and the owner of, the second largest railroad in North America, Respondent The Burlington Northern and Santa Fe Railway Company (Respondents are hereinafter referred to as the "Railroad"). The Railroad resulted from a business combination between Burlington Northern Inc. ("BN") and Santa Fe Pacific Corporation ("SF"), that was proposed in June 1994 and concluded in September 1995. The Railroad is widely known as and recognized by "BNSF," its service mark. The Railroad's predecessors used "BN" and "SF" as their service marks. Thus, "BNSF" was a natural and widely anticipated choice of mark for the Railroad. Well before the BNSF business combination was finalized, the press, members of the general public, and BN and SF used "BNSF" to refer to the combined companies. The Railroad has actively and consistently used its "BNSF" service mark since the merger was completed.

Petitioner Purdy is a former employee of one of the Railroad's predecessors. In 1989, Purdy was involved in an unfortunate accident in which he severed a fellow employee's legs. 3R 658-60, 689; 4R 788-89.[1] Purdy has suffered from a severe psychological disorder since this accident. The Railroad Retirement Board ("RRB") designated his wife as the administrator of his affairs after determining that his psychological disorder renders him permanently and totally disabled. Purdy has received

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[1] The citations herein refer to the record before the court of appeals.

RRB disability benefits attributable to the period from April 1990 to present. 2R 478-80; 3R 524-28; 4R 761.

Purdy has had a long and contentious history with the Railroad. At the time this action was pending, Purdy had sued the Railroad or one of its predecessors six times and had brought numerous other administrative charges or grievances against those parties. 3R 658-743, 745-49; 4R at 750-61, 788-802. He has established several Internet websites, which feature dripping blood and severed limbs, that he uses to mount scathing attacks on the Railroad. Purdy uses domain names which include the Railroad's "BNSF" mark, such as "www.bnsf.net", for some of his Internet websites and also operates out of his home a "BNSF Corporation," which has no employees, has never entered into a contract, does not have a bank account, and is not even listed in the telephone directory. 2R 415-21, 423-24, 447; 4R 811-69.

In June 1997, Purdy obtained federal registration for the service mark "BNSF" from the United States Patent and Trademark Office. He claims his "BNSF" stands for the strained expression "Bringing Now Safety First" and registered "BNSF" for use in connection with "[t]esting of railroad equipment for others, collecting and providing information concerning railroad safety problems to the public, to governmental agencies and injured railroad employees." 2R 354-58, 492-93; 3R 553-59.

In the district court, the Railroad filed a motion for summary judgment seeking cancellation of Purdy's "BNSF" registration on the ground that even if all Purdy's assertions regarding his alleged pre-registration "BNSF" use were accepted as true, his use would not

meet the "use in commerce" standard that is a prerequisite to obtaining a valid federal service mark registration. The Railroad pointed out that Purdy had testified that he was operating a for-profit business (2R 433) but could, at best, only show *de minimis* provision of services under the mark "BNSF".

In its unpublished opinion, the district court observed that under Sections 1 and 3 of the Lanham Act, 15 U.S.C. §§ 1051(a)(1)(A), 1053, a "service mark is not validly registered unless it has been 'used in commerce' in connection with the services the applicant describes in his registration application" and that in 1988, Congress amended the Lanham Act "to eliminate 'token' use of a mark as a basis for registration." Pet. App. 7-9. The district court recognized that Section 45 of the Lanham Act, 15 U.S.C. § 1127, now states " '[t]he term 'use in commerce' means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark' " and explains " 'a mark shall be deemed to be in use in commerce . . . on services when it is used or displayed in the sale or advertising of services and the services are rendered. . . . ' " Pet. App. 6 (quoting 15 U.S.C. § 1127). Hence, the district court noted, "[t]he court decisions seem to be uniform in holding that for there to be 'use in commerce' to support a valid registration of a service mark, there must be proof, first, that the mark has been used in the promotion of services, and, second, that the services identified by the mark have been rendered in interstate commerce." Pet. App. 7.

This statutory standard was applied to an extensive factual record. Although Purdy made many broad conclusory statements about his alleged pre-registration

"BNSF" use in his briefs, a detailed review of the evidence showed he, at best, rendered the first service identified in his registration application under the mark "BNSF" – some unexplained form of "testing" – on behalf of two close friends on three isolated occasions. 2R 275, 282, 288, 293-94; 4R 969, 970-71, 985, 995, 996A, 997-98; 5R 1016-18. Purdy submitted no evidence showing that he rendered the second service identified in his registration application under the mark "BNSF" – dissemination of railroad safety information – prior to filing his registration application. He instead only identified evidence suggesting that he advertised his "Bringing Now Safety First" organization and his "BNSF Corporation" by driving a dilapidated car with "BNSF" hand painted and/or shoe polished on its side, distributing "BNSF" business cards, and posting a one-page flyer with biographical information about himself, such as a description of his 1989 accident while employed at a predecessor of the Railroad. 5R 1007-09, 1022.

The district court ruled that such a factual showing did not meet the "use in commerce" standard under the Lanham Act. The court explained:

> The record is complete in the sense of demonstrating everything on which Purdy relies as constituting "use in commerce" when he applied for registration of the mark. The court has concluded that, even if all of the circumstances upon which Purdy relies were to be accepted as factually correct, there still would not be "use in commerce" within the meaning of the Lanham Act. The summary judgment record establishes without dispute that Purdy did not make a bona fide use of the mark BNSF in the

> ordinary course of trade before the mark was registered to him. Whatever use he made of the mark was token use that would not qualify for registration.

Pet. App. 9. The district court thus concluded that Purdy's "BNSF" federal registration is "void *ab initio* and should be canceled." Pet. App. 9.

The Fifth Circuit affirmed the district court's ruling in an opinion that is also unpublished. The appellate court noted that the district court had "correctly stated the applicable law and focused on the twin requirements of 'use in commerce' to support a valid service mark registration: that the mark has been used in the promotion of services, and that the services identified by the mark *have been rendered* in interstate commerce." Pet. App. 2. The Fifth Circuit concluded that Purdy's alleged "BNSF" use failed to meet the "use in commerce" standard for the same reason that the district court did. The court explained Purdy had "not fulfilled the second part of the test – the actual rendition of services in interstate commerce – except by sporadic and insubstantial transactions," all of which "involved work performed for longtime friends" and thus constituted merely "[n]ominal or token sales." Pet. App. 3.

REASONS FOR DENYING THE WRIT

1. The question Petitioner seeks to present was neither presented to nor decided by the district court or the court of appeals.

Purdy seeks to have this Court determine whether "the 1988 amendments to the Lanham Act [were] intended to deny non-profit, non-commercial or public service entities from obtaining protectable service mark rights?" Pet. i. This issue was never before the lower courts.

The district court did not state or suggest that the 1988 amendments to the Lanham Act precluded non-profit organizations from obtaining federal registration for their service marks. The district court instead merely noted that "token use" is no longer a sufficient basis for federal registration. The court explained that "[p]rior to November 16, 1989 . . . a single or 'token' sale was *bona fide* use of a mark and was sufficient foundation upon which an applicant could file to register such a service mark," but "the legislative history [for the 1988 amendments to the Lanham Act] demonstrates that Congress wished to eliminate 'token' use of a mark as a basis for registration, and instead apply a stricter standard that requires 'commercial use of the type common to a particular industry in question.' " Pet. App. 8-9 (emphasis added) (quoting *Paramount Pictures Corp. v. White*, 31 U.S.P.Q.2d 1768, 1774 (T.T.A.B. 1994)).

There is nothing in the district court's opinion to indicate that the court required Purdy to demonstrate he was operating a for-profit enterprise to meet this "commercial use" standard. The district court did not reference

Purdy's profit motive, or his lack thereof. No such discussion appears because, as the Railroad pointed out to the district court, Purdy testified that he was operating a for-profit business. 2R 433.

Similarly, the question Purdy seeks to have this Court address was never presented to the court of appeals. Purdy presented the following issue for review before the appellate court: "Did the district court err in canceling Mr. Purdy's service mark registration for 'BNSF,' where Purdy continuously and deliberately used his mark in commerce from three years prior to his application for service mark registration through the present, and such use was not mere 'token use' as ruled on a factual determination by the district court?" App. 4. Purdy maintained that the district court had erred in granting the Railroad's summary judgment motion because the court "incorrectly ruled on a fact determination." App. 5. After reciting the standards governing resolution of summary judgment motions, Purdy argued:

> Appellant respectfully submits that the district court violated all of these rules in granting summary judgment in favor of Burlington. The trial court ignored the factual assertions contained in all of more than a dozen affidavits and other evidence filed by Appellant, which demonstrate conclusively that BNSF Company used its service mark in interstate commerce continuously, openly, deliberately and notoriously from a period of three years prior to the filing of the service mark registration application through to the present. The trial court must, therefore, have necessarily determined, as a matter of fact, that these witnesses were not credible, weighed the evidence and found it wanting, and refused to

> draw legitimate inferences in favor of BNSF. This ruling is therefore directly contrary to the trial court's limited role in ruling on summary judgment motions established by the Supreme Court.

App. 7-8.

The court of appeals disagreed, explaining: (1) it had "reviewed the district court's opinion and the record evidence *de novo*"; (2) the district court had "accepted all of Purdy's allegations as true and still found that 'Purdy did not make a *bona fide* use of the mark BNSF in the ordinary course of trade before the mark was registered to him' "; and (3) it "agree[d] with the district court's application of the facts to the law." Pet. App. 2-3.

Purdy did not claim to be operating a non-profit enterprise before the court of appeals, just as he had not before the district court. Instead, in his appellate briefs, Purdy maintained he had received "income . . . through sales" of his "testing and safety services" and argued that he had "over the years, earned a substantial amount of money from the provision of the services. . . . " App. 4-5, 15. In addressing his contentions, the court of appeals thus explained that, contrary to his assertions, "[t]he record identifies only a handful of instances in which Purdy was paid anything for his 'services', and all of these incidents involved work performed for long-time friends," "Purdy's activities . . . do not demonstrate use of the service mark in furtherance of a business intended to provide services for reimbursement," and Purdy "rendered services for reimbursement . . . in only a *de minimi*

fashion." Pet. App. 3-4. These statements regarding payment and reimbursement respond to the specific assertions Purdy himself put before the court. They cannot reasonably be translated into a ruling that Purdy's federal service mark registration is invalid because he did not operate a for-profit enterprise.[2]

Similarly, the court of appeals' observation that "[f]or several years, Purdy has conducted information-gathering and -dissemination regarding railroad safety matters, but the record is bereft of evidence that he was engaged in trade or commerce using the 'BNSF' mark" (Pet. App. 3) cannot be read as a ruling that "Purdy was required to demonstrate that [his] advocacy services were performed in connection with a for-profit commercial enterprise," as Purdy maintains. Pet. 4. Instead, there the court was merely explaining that Purdy submitted no evidence showing that whatever advocacy services he provided were performed *"using the 'BNSF' mark."* Pet. App. 3 (emphasis added).

The court of appeals could not rule upon the impact of Purdy's profit motive, or lack thereof, because this was not a contested issue. In his opening brief, Purdy argued that his "lack of a strong profit motive does not preclude" him from obtaining "service mark protection." App. 8. As

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[2] The court of appeals also cited *Allard Enters., Inc. v. Advanced Programming Resources, Inc.*, 146 F.3d 350 (6th Cir. 1998) in response to Purdy's contentions. Purdy claimed *Allard* demonstrated his "BNSF" registration was valid since his pre-registration use was the same as the use found to establish common-law rights in *Allard*. App. 16-17. The court of appeals explained that Purdy's use was not the same as the use at issue in *Allard*, and thus, *Allard* "reinforces our conclusion" that the district court should be affirmed. Pet. App. 3-4.

Purdy recognized below, in its response, the Railroad explained that it did "not contend that Purdy's 'BNSF' registration was properly canceled . . . because he did not have a profit motive. . . . " App. 13, 15-16. Because there was no dispute between the parties regarding the viability of a federal service mark registration for a non-profit organization, the court could not possibly rule upon that point. Thus, if there was any language in the court of appeals' decision that could potentially be interpreted as addressing that issue, it would clearly be *dictum*. *See United States v. Crawley*, 837 F.2d 291, 292-93 (7th Cir. 1988) (defining *dictum* as language in an opinion where "the issue addressed . . . was not presented as an issue" and is "not refined by the fires of adversary presentation").

This Court should deny the petition for certiorari simply because the language Purdy seeks to have it review is *dictum* at most. Moreover, the language at issue appears in an unpublished opinion which is not precedent except under the limited circumstances set forth in 5TH CIR. R. 47.5.4.[3] There is clearly no reason why this Court should review unpublished *dictum*.[4]

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[3] 5TH CIR. R. 47.5.4 provides: "Unpublished opinions issued on or after January 6, 1996, are not precedent, except under the doctrine of res judicata, collateral estoppel or law of the case (or similarly to show double jeopardy, abuse of the writ, notice, sanctionable conduct, entitlement to attorney's fees or the like)."

[4] In the fifteen months since the district court decision and five months since the court of appeals' decision, neither has been cited by any tribunal for the point of law that Purdy says they established.

2. The decisions below do not conflict with the decisions of other courts.

Purdy has identified no case in which the court determined whether non-profit activities can be used to meet the 15 U.S.C. § 1127 "use in commerce" standard and create a valid basis for federal registration of a service mark. Thus, there is clearly no conflict for this Court to resolve. Purdy's contention that there is conflict is based on mischaracterization of the decisions he references.

Purdy repeatedly asserts that in *United We Stand America, Inc. v. United We Stand, America New York, Inc.*, 128 F.3d 86 (2d Cir. 1997), *cert. denied*, 523 U.S. 1076 (1998), "the Second Circuit ruled that the Lanham Act provision at issue, 15 U.S.C. § 1127, does not contain a 'commercial activity' requirement." Pet. 5; *see also* Pet. 10-11. This is false. In fact, in *United We Stand*, the court did not even address the 15 U.S.C. § 1127 "use in commerce" standard. Instead, the Second Circuit addressed a claim that the defendant's conduct constituted trademark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114(1)(a), which the court explained "bars unauthorized use of a mark 'in commerce . . . in connection with the sale, offering for sale, distribution, or advertising of any goods or services [if] . . . such use is likely to cause confusion . . . ' " *United We Stand*, 128 F.3d at 88-89 (quoting 15 U.S.C. § 1114(1)(a)).

In *United We Stand*, the defendants used the mark at issue in connection with political activities. *Id.* They maintained their conduct did not violate 15 U.S.C.

§ 1114(1)(a) because, *inter alia*, that statutory provision specifies "that the use prohibited must be 'in commerce.' " *Id.* at 89, 92. The Second Circuit rejected this defense, explaining "[t]he history and text of the Lanham Act show that 'use in commerce' reflects Congress's intent to legislate to the limits of its authority under the Commerce Clause, rather than to limit the Lanham Act to profit-seeking uses of a trademark." *Id.* at 92; *see also id.* at 92-93 ("It appears that 'use in commerce' denotes Congress's authority under the Commerce Clause rather than an intent to limit the Act's application to profit-making activity."). Thus, in *United We Stand*, the court addressed the meaning of the "in commerce" limitation in 15 U.S.C. § 1114(1)(a), not the "use in commerce" standard of 15 U.S.C. § 1127. In *United We Stand*, there is absolutely no reference to 15 U.S.C. § 1127, the provision that Purdy claims the courts below improperly construed.

15 U.S.C. § 1127 contains a specific and detailed definition of "use in commerce":

> The term 'use in commerce' means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce –
>
> . . . .
>
> on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

15 U.S.C. § 1127. Pet. App. 16. The language in this provision is significantly different from the "in commerce" limitation in 15 U.S.C. § 1114(1)(a) and cannot be read as merely denoting "Congress's authority under the Commerce Clause. . . . " *United We Stand*, 128 F.3d at 92. Thus, the Second Circuit's ruling on the meaning of the term "in commerce" as used in 15 U.S.C. § 1114(1)(a) cannot be read as a decision on the meaning of the term "use in commerce" as used in 15 U.S.C. § 1127.

There is similarly no conflict between the decisions below and the other cases Purdy cites. None of the additional cases Purdy cites addresses the standard for federal registration of a service mark under 15 U.S.C. § 1127. In *Committee for Idaho's High Desert v. Yost*, 881 F. Supp. 1457 (D. Idaho 1995), *aff'd in part*, 92 F.3d 814 (9th Cir. 1996); *American Diabetes Ass'n, Inc. v. National Diabetes Ass'n*, 533 F. Supp. 16 (E.D. Pa. 1981), *aff'd*, 681 F.2d 804 (3d Cir. 1982); *United States Jaycees v. Philadelphia Jaycees*, 490 F. Supp. 688 (E.D. Pa. 1979), *vacated*, 639 F.2d 134 (3d Cir. 1981); and *United States Jaycees v. San Francisco Junior Chamber of Commerce*, 354 F. Supp. 61 (N.D. Cal. 1972), *aff'd*, 513 F.2d 1226 (9th Cir. 1975), the courts ruled on claims for trademark infringement and/or false designation of origin in violation of the Lanham Act brought by non-profit organizations without addressing the validity of any federal mark registration.[5] In *Brach Van Houten Holding, Inc. v. Save Brach's Coalition for Chicago*, 856

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[5] In fact, in two of these cases, the non-profit organization did not have a federal registration for its mark. *See Committee for Idaho's High Desert*, 881 F. Supp. at 1465; *American Diabetes Ass'n*, 533 F. Supp. at 19.

F. Supp. 472, 475-76 (N.D. Ill. 1994), the court rejected a non-profit organization's claim that it did not violate the Lanham Act because its use of the mark at issue did not meet the statutory definition of "services." In *Kappa Sigma Fraternity v. Kappa Sigma Gamma Fraternity*, 654 F. Supp. 1095, 1099, 1102 (D.N.H. 1987), *reconsidered in part by* 659 F. Supp. 117 (D.N.H. 1987), the court rejected the defendants' argument that their use of the mark at issue was not "in commerce" within the meaning of the Lanham Act because they had only used the mark on one college campus in New Hampshire. And, in *Blinded Veterans Ass'n v. Blinded American Veterans Foundation*, 872 F.2d 1035, 1036 (D.C. Cir. 1989), the court ruled that the non-profit plaintiff's name "is not a protectable trademark because the term 'blinded veterans' is generic." None of these cases makes any reference to 15 U.S.C. § 1127, the "use in commerce" standard it contains, or any aspect of the requirements for federal registration of a service mark. They cannot be read to conflict with the decisions below, even if the decisions below are interpreted in the manner Purdy suggests.[6]

Moreover, Purdy's claimed use of "BNSF" is vastly different from the use of the organizations involved in the cases he identifies. In each of the cases Purdy cites, the non-profit organization at issue had made extensive use of its mark for decades in providing substantial, costly

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[6] In *Allard*, 146 F.3d at 359-61, the Sixth Circuit ruled that the defendant had limited common-law rights to use a service mark because it had made some *bona fide* use before the plaintiff. *Allard* did not rule upon the validity of a federal service mark registration and thus also cannot be read to conflict with Purdy's suggested interpretation of the decisions below.

services to the public. *See United We Stand*, 128 F.3d at 90 (noting that defendants had "engaged in political organizing; established and equipped an office; solicited politicians to run on [their] slate; issued press releases intended to support particular candidates and causes; endorsed candidates; and distributed partisan political literature"); *Blinded Veterans Ass'n*, 872 F.2d at 1036-37 ("Blinded Veterans Association is a nonprofit organization founded in 1945 by a group of blinded World War II veterans" that "has approximately 6,500 members," "employs sixteen persons on its headquarters staff in Washington, D.C. and eight field representatives outside the nation's capital," and has an "annual operating budget [that] is just under $1.5 million"); *Committee for Idaho's High Desert*, 881 F. Supp. at 1463-66 ("As a result of Plaintiff's continuous and exclusive use of its name in conducting its business since 1980, Plaintiff has gained substantial notoriety, influence, and prominence. . . . "); *Brach Van Houten*, 856 F. Supp. at 475 (stating that defendant "is engaged in soliciting donations, preparing press releases, holding public meetings and press conferences, propounding proposals for the reorganization of Brach's ownership and/or management, and other activities designed to bring about change in the Brach's organization and enhance the stability of workers' jobs"); *Kappa Sigma Fraternity*, 654 F. Supp. at 1096-97 ("Plaintiff . . . is an unincorporated collegiate fraternal organization with an international membership of more than 132,000 persons," "has chapters on or in close proximity to the campuses of 198 colleges and universities in the United States and Canada," and "alumni chapters in many major cities in the United States."); *American Diabetes Ass'n*, 533

F. Supp. at 18 ("Plaintiffs, as the leading charitable organizations in the diabetes field, have been engaged in raising money to fund research, render services, and inform the public for forty years. . . . "); *United States Jaycees v. Philadelphia Jaycees*, 490 F. Supp. at 690-91 (noting that plaintiff organized as a civic group in 1920 and has continuously existed since then); *United States Jaycees v. San Francisco Junior Chamber of Commerce*, 354 F. Supp. at 63 (same).

Thus, even if the cases Purdy cites had held that the non-profit organizations at issue met the 15 U.S.C. § 1127 "use in commerce" standard that is a prerequisite to valid federal registration, Purdy's situation would not fall within their scope. Purdy could only identify three occasions prior to the filing of his registration application on which he claimed to have provided his "testing" services under the mark "BNSF" to three close friends. Purdy could identify no railroad safety information he disseminated under the mark "BNSF" prior to filing his registration application. Purdy's purported use falls far short of that identified in the cases he cites.

Even if the courts below and the courts cited by Purdy were presumed to have addressed the same statutory provision (which they did not), their results are not inconsistent. There is no conflict for this Court to resolve.

CONCLUSION

Purdy seeks to have this Court review language that is, at most, *dictum* in a nonprecedential opinion. The decisions below do not conflict with those of any other

court. Purdy's petition for writ of certiorari should be denied.

Respectfully submitted,

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15 U.S.C. § 1051. Registration of trade-marks

(a) Trade-marks used in commerce

The owner of a trade-mark used in commerce may apply to register his or her trade-mark under this chapter on the principal register established;

(1) By filing in the Patent and Trademark Office –

(A) a written application, in such form as may be prescribed by the Commissioner, verified by the applicant, or by a member of the firm or an officer of the corporation or association applying, specifying applicant's domicile and citizenship, the date of applicant's first use of the mark, the date of applicant's first use of the mark in commerce, the goods in connection with which the mark is used and the mode or manner in which the mark is used in connection with such goods, and including a statement to the effect that the person making the verification believes himself, or the firm, corporation, or association in whose behalf he makes the verification, to be the owner of the mark sought to be registered, that the mark is in use in commerce, and that no other person, firm, corporation, or association, to the best of his knowledge and belief, has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive: *Provided*, That in the case of every application claiming concurrent use the applicant shall state exceptions to his claim of exclusive use, in which he shall specify, to the extent of his knowledge, any concurrent use by others, the goods

on or in connection with which and the areas in which each concurrent use exists, the periods of each use, and the goods and area for which the applicant desires registration;

(B) a drawing of the mark; and

(C) such number of specimens or facsimiles of the mark as used as may be required by the Commissioner.

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15 U.S.C. § 1053. Service marks registrable

Subject to the provisions relating to the registration of trademarks, so far as they are applicable, service marks shall be registrable, in the same manner and with the same effect as are trade-marks, and when registered they shall be entitled to the protection provided in this chapter in the case of trade-marks. Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trade-marks.

App. 3

98-11485

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL FIFTH CIRCUIT

BURLINGTON
NORTHERN SANTA FE
CORP.,
A Delaware Corporation;

BURLINGTON
NORTHERN AND SANTA
FE RAILWAY COMPANY,
A Delaware Corporation

Plaintiffs-Appellees,

v.

WILLIAM S. PURDY, ET AL,

Defendants,

WILLIAM S. PURDY, An
Individual,

Defendant-Appellant.

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APPEAL FROM DECISION OF THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS, FORT WORTH DIVISION CIVIL ACTION NO. 4-98CV-70A ENTERED ON DECEMBER 7, 1998 FROM JUDGE JOHN MCBRYDE

BRIEF FOR DEFENDANT-APPELLANT

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* * *

STATEMENT OF ISSUE FOR REVIEW

Did the district court err in cancelling Mr. Purdy's service mark registration for "BNSF," where Purdy continuously and deliberately used his mark in commerce from three years prior to his application for service mark registration through the present, and such use was not mere "token use" as ruled on a factual determination by the district court?

* * *

MR. PURDY'S BNSF COMPANY HAS DERIVED ECONOMIC BENEFIT FROM THE INTERSTATE SALES OF SERVICES AND PRODUCTS AS WELL AS FROM CONTRIBUTIONS SUFFICIENT TO CARRY OUT ITS PURPOSES

The primary purpose of his BNSF company is the promotion of railroad safety and has not been to make a large profit. The BNSF income has been sufficient to carry out the objectives of the company. The income has been through sales of services and products and through contributions from interested persons. While his BNSF company has made money it has not made more than four hundred dollars in any one month. Under his disability, Purdy is permitted to make as much as four hundred dollars a month. (A22 ¶17-19; A26 ¶7; A35 ¶25; D72 Ex. 21)

Mr. Purdy does not know the total receipts he has received for the testing and safety services he provided. He knows the amount is substantial, but again not more than $400 in any one month. Purdy received payments in various forms from a wide variety of persons including

Mr. Bifulk, Mr. McAllister, Mr. Minnis, and others. For example, Leroy Minnis of New York paid BNSF $100 in July of 1995 for information provided to him and for the information that BNSF company would collect and provide to him at a later time. In the Summer of 1996, Purdy returned to provide Minnis with the additional information Minnis had requested. Minnis paid Purdy an additional $100 at that time. Purdy returned to New York again in September of 1997 and against collected and provided information to Minnis regarding railroad safety. (A26 ¶7; A35 ¶25)

While some of BNSF company's safety activities were provided to friends of Purdy, the activities were not in any manner intended to be, nor were the activities limited to use only by friends. The safety activities were used by Burlington engineers and others, in interstate commerce, to benefit the general public. BNSF company's safety activities provided safety information to literally thousands of interested persons throughout the United States and Canada, and not just "friends" of Purdy. (A19-A22; A25-A26)

* * *

SUMMARY OF THE ARGUMENT

As demonstrated above, BNSF company used its "BNSF" service mark in commerce on a continuous basis from 1993 to the present. This use was not "token use" as incorrectly ruled on a fact determination by the district court. The facts overwhelmingly demonstrate that BNSF

company continuously provided its railroad safety services throughout the United States both prior to the filing of its service mark application, and through the present.

This use has included advertising of and provision of services in collecting information and monitoring railroad crossings, in providing safety information to railroad employees and others addressing these issues in testing various railroad equipment, and in providing railroad safety information directly to interested members of the public in several states through written and oral communications. These uses qualify as "services" under the Lanham Act as that term has been interpreted by the courts.

Moreover, this use cannot be characterized as "token use" as that term has been interpreted by the courts. While BNSF's use has, in fact, continuously expanded through the short period of time it has been in business, the courts, including courts in this Circuit, has uniformly held that as long as the use is in commerce, and is continuous and deliberate, the quantum of use is not relevant. Nor does a registrant have to be a highly profitable corporate enterprise, or even have a strong profit motive, to qualify for service mark registration.

Remarkably, Burlington admits that BNSF company's web site services qualify as "use in commerce" of the "BNSF" service mark, yet argues that the same activities performed by BNSF company in its "low tech" phase do not qualify for service mark protection. Burlington's contention is contrary to the Lanham Act's service mark statutory provisions, and the uniform case law and other

authorities interpreting the statutory provisions. The district court erred in granting summary judgment to Burlington and cancelling BNSF's service mark registration for its mark, "BNSF".

STANDARD OF REVIEW

Appellate court review of the district court's ruling granting summary judgment is de novo review. *Montgomery v. Brookshine*, 34 F.3d 291, 294 (5th Cir. 1994 (citations omitted).

Pursuant to Federal Rule of Civil Procedure 56, summary judgment shall only be granted where the pleadings, depositions, answers to interrogatories, admissions on file, together with affidavits, show that there is no genuine issue as to any material fact. "[S]ummary judgment will not lie if the dispute about a material fact is 'genuine', that is, if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986).

In ruling on the motion, the trial judge, therefore, cannot act as a juror by making credibility determinations by weighing evidence. The court therefore cannot, as occurred here, ignore substantial, uncontradicted and unimpeached affidavit and deposition testimony proving continuous use in commerce by BNSF company of its service mark. As the Supreme Court instructs:

> Credibility determination, the weighing of evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge, whether he is ruling on a motion for summary judgment or for a directed verdict.

> **The evidence of the non-movant is to be believed,** and all justifiable inferences are to be drawn in his favor.

Id. at 255 (emphasis added).

Appellant respectfully submits that Judge McBryde violated all of these rules in granting summary judgment in favor of Burlington. The trial court ignored the factual assertions contained in all of more than a dozen affidavits and other evidence filed by Appellant, which demonstrate conclusively that BNSF company used its service mark in interstate commerce continuously, openly, deliberately and notoriously from a period three years prior to the filing of the service mark registration application through to the present. The trial court must, therefore, have necessarily determined, as a matter of fact, that these witnesses were not credible, weigh the evidence and found it wanting, and refused to draw legitimate inferences in favor of BNSF. This ruling is therefore directly contrary to the trial court's limited role in ruling on summary judgment motions established by the Supreme Court.

* * *

2. BNSF Used Its Service Mark in Commerce; Its Lack of a Strong Profit Motive Does Not Preclude BNSF From Service Mark Protection

"Commerce" means either interstate or foreign commerce. 15 U.S.C. § 1501. Services are performed in "commerce" if they are performed in more than one state. It may even include provision of services in one state,

where the customers travel to other states, or are from other states. McCarthy, § 19:104-106, pp. 19-188 to 19-193 and cases there cited. "For a number of reasons, the Patent and Trademark Office's (PTO's) definition of interstate commerce has considerably broadened over the years." at §19:104, p. 19-188. "Use in commerce" should be read as "use *affecting* commerce." *Id.* at 19:123 (emphasis in original). Because BNSF clearly provided its safety testing and advice services in several states prior to its registration in 1996, BNSF meets these broad requirements. BNSF used its service mark "in commerce."

However, commercial success is *not* required to establish use of the mark "in commerce," under relevant case law authority from this Circuit and other courts throughout the country, in uniform decisions spanning the last 100 years. "As long as there is a genuine use of the mark in commerce, however, ownership may be established even if the first uses are not extensive and do not result in deep market penetration or widespread recognition." *Allard Enterprises*, 146 F.3d at 358. "The test used to determine continuous prior user is not the value of sales or advertising or the degree of familiarity of the public with the mark." *Fieldcrest Mills, Inc. v. Couri*, 220 F.Supp. 929, 931 (S.D. NY 1963); *Drexel Enterprises, Inc. v. Richardson*, 312 F.2d 525, 527 (10th Cir. 1962).

The venerable case of *Adam Hat Stores v. Lefco*, 44 F.Supp. 442 (E.D. Pa. 1942), *aff'd*, 134 F.2d 101 (3d Cir. 1943) is particularly apt. "While it must be conceded from the testimony in the record that no extremely great volume of business was conducted by the defendants with respect to 'Adams Clothes' covering the years 1923 to 1933, nor that extensive advertising campaigns were

employed in connection with the marketing of the product, **this is not a requirement, as it has been held from an early date that in order for equity to protect a trademark, while there must be some use in connection therewith, the quantum thereof need not be large.**" *Id.*, 44 F.Supp. at 445 (citations omitted) (emphasis added); *see also McCarthy*, § 16:6 at p. 16-8.

What the registrant is required to show, as BNSF does here, is that its use of the mark is deliberate and continuous, and not sporadic, casual or transitory. *Bell v. Streetwise Records, Ltd.*, 640 F.Supp. 575, 580 (D.Mass. 1986) (citation omitted). The usage must be consistent with a present plan of commercial use, but "it is not required that a product be an instant success the moment it hits the market." *Id.*

This Circuit similarly does not require that the use of the mark have gained the mark wide public recognition, and additionally, this circuit holds that even a single use in trade may sustain trademark rights if followed by continuous commercial utilization. *Blue Bell, Inc. v. Farah Manufacturing Company, Inc.*, 505 F.2d 1260, 1265 (5th Cir. 1975); *citing, Kathreiner's Malzkaffee Fabriken v. Paster Kniepp Medicine Co.*, 82 F. 321, 326-327 (7th Cir. 1897) (importations, which were "not numerous, indeed," were as much as one would expect during the first years of growth of an infant industry) (other citations omitted).

BNSF's pattern of use of its service mark clearly comports with these standards. BNSF began use of its service mark, "BNSF," in 1993. Its use started as a grass roots campaign, slowly as one would expect in a new company. BNSF's use was, however, continuous over the

years. BNSF now has significant exposure through its web site, which Burlington Northern has admitted is sufficient evidence of use in commerce. This conduct establishes that BNSF used its service mark in commerce, with a clear intent to adopt that mark evidenced by BNSF's continued use of the mark from 1993 to the present.

Moreover, BNSF provided safety testing services to Burlington Northern through its engineers, which services were similar to services provided to Burlington Northern by other safety consulting companies. McCarthy, § 19:103, p. 19-187 ("use" necessary is use in the "ordinary course of trade," and not just "token use"). BNSF's provision of railroad safety services, similar to services provided by other railroad safety services providers, was therefore bona fide use of its service mark in the ordinary course of trade.

* * *

IN THE
UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 98-11485

BURLINGTON NORTHERN SANTA FE CORP.,
A Delaware Corporation;
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, A Delaware Corporation,

Plaintiffs – Appellees,

v.

WILLIAM S. PURDY, ET AL.,

Defendants,

WILLIAM S. PURDY, an Individual,

Defendant – Appellant.

Appeal from the United States District Court
for the Northern District of Texas
Fort Worth Division

BRIEF FOR APPELLEES

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* * *

ARGUMENT

A. The district court properly canceled Purdy's "BNSF" registration because he did not demonstrate pre-application "use in commerce" in connection with the services recited in his application.

Appellant's brief presents a host of irrelevant observations about trademark law. The Lanham Act's definition of "services," Purdy's profit motive, and Purdy's size[136] are not relevant to the issue before the Court: whether the trial court properly granted summary judgment on the record before it.

The Railroad does not contend that Purdy's "BNSF" registration was properly canceled because his purported activities did not meet the statutory "services" definition, because he did not have a profit motive, or because his company was small. Rather, the Railroad maintains that Purdy's registration was properly canceled because he did not demonstrate the requisite "use in the ordinary course of trade" before the filing date of his application.

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[136] *See* Purdy Brief at 20-23, 26-30.

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98-11485

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL FIFTH CIRCUIT

BURLINGTON
NORTHERN SANTA FE
CORP.,
A Delaware Corporation;

BURLINGTON
NORTHERN AND
SANTA FE RAILWAY
COMPANY,
A Delaware Corporation

Plaintiffs-Appellees,

v.

WILLIAM S. PURDY, ET AL,

Defendants,

WILLIAM S. PURDY,
An Individual,

Defendant-Appellant.

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APPEAL FROM DECISION OF THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS, FORT WORTH DIVISION CIVIL ACTION NO. 4-98CV-70A ENTERED ON DECEMBER 7, 1998 FROM JUDGE JOHN MCBRYDE

REPLY BRIEF FOR DEFENDANT-APPELLANT

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* * *

Appellees assert that Mr. Purdy cannot have used the mark BNSF because he has been fully disabled since prior to 1993. The facts show that Mr. Purdy is fully disabled under the definition of the National Railroad Retirement Board's policies. These policies state that a person may be fully disabled and still earn up to $400.00 per month. (5R 1010 ¶1, 1016 ¶20, 1041, 1202, 1214) The record shows that Mr. Purdy has, over the years, earned a substantial amount of money from the provision of the services but no more than $400.00 in any one month. (4R 977 ¶7, 4R985 ¶¶ 17-19, 5R 1018 ¶25) Persons with disabilities are not precluded from obtaining trademarks or trademark protection under the trademark law.

* * *

III. BURLINGTON NORTHERN FAILS TO DISPUTE AND THEREFORE CANNOT BE HEARD TO DENY THAT APPELLANT'S ACTIVITIES CONSTITUTE "SERVICES" UNDER THE LANHAM ACT, THAT THE "USE" NECESSARY TO ESTABLISH SERVICE MARK RIGHTS IS FAR BROADER THAN THE USE NECESSARY TO ESTABLISH RIGHTS TO A TRADEMARK, AND THAT APPELLANT'S LACK OF PROFIT MOTIVE AND SMALL SIZE ARE NOT CONTROLLING TO THE ISSUE OF WHETHER APPELLANT CAN MAINTAIN HIS SERVICE MARK RIGHTS

In Appellant's opening brief, at pp. 20-23, and 26-30, Appellant cited to treatise and case law authority that conclusively establish: A) that the Lanham Act's term "services" is to be liberally construed; B) that Appellant's services meet that broad definition; C) that use sufficient

to support service mark registration is far broader than use necessary to support trademark registration; D) that Appellant's lack of a profit motive does not defeat Appellant's service mark rights; and E) that Appellant's small size does not defeat his service mark registration rights. In its brief, Burlington Northern simply states that these issues are "not relevant," without any attempt to contradict Appellant's positions. Burlington Northern's Brief at 32. Appellant's positions on these issues, which are of course highly relevant to Appellant's argument here that he is entitled to maintain his service mark registration rights, are therefore conclusively established.

* * *

Finally, Burlington Northern contends that *In re Ames*, 160 U.S.P.Q. 214 (TTAB 1968), and *Allard Enterprises*, 146 F.3d at 350, do not stand for the proposition that advertising *alone* can support a valid registration. Burlington Northern's Brief at 35. Burlington Northern misconstrues Appellant's citations to these cases. (Opening Brief at p. 25) In *Ames*, the court held that advertising of services available to the pubic suffices to establish use sufficient to support a service mark registration. *Id.* at 214-215. In *Allard Enterprises*, the Sixth Circuit held, in a case where the party had not made a single sale of its services and therefore had never performed its services in commerce, that prior adoption of a service mark through advertising of services available to the public was sufficient to defeat the federal registration rights of plaintiff. *Id.* at 358-360. Similarly here, Appellant's sales brochures

and business cards advertised services that were available to the public, and under these authorities constitute sufficient use to maintain its service mark registration.

* * *

VI. APPELLANT'S SERVICES WERE NOT PROVIDED SOLELY TO FRIENDS

Another argument raised by Burlington Northern is that Appellant is not entitled to registration because services were rendered entirely to friends. (Burlington Northern's Brief at p. 39, and fn 163) As demonstrated in Section II(C), this contention is also contrary to the facts, and Burlington Northern's case citations are therefore inapposite.

Moreover, in *Allard Enterprises*, the Sixth Circuit approved a marketing program apparently limited solely to "friends" of the party seeking a priority of use determination. As long as the uses were sufficiently public and were continuous and consistent, as Appellant's were in this case, a "word of mouth" marketing plan that targeted "personal friends" is "not so atypical that no reasonable person" could view it as "commercial." *Id.* at 359.

* * *